

## *Preliminary Findings of the 1958 Survey of Consumer Finances*

CONSUMERS EARLY THIS YEAR viewed their financial positions and prospects less favorably than a year ago and expressed concern about the general business outlook, according to the preliminary findings of the thirteenth annual Survey of Consumer Finances.<sup>1</sup> This Survey was conducted in January and February 1958 by the Board of Governors of the Federal Reserve System in cooperation with the Survey Research Center of the University of Michigan. Personal interviews with a representative sample of the consumer population provided information on consumers' financial positions, views about their own and general economic prospects, and their plans for purchasing durable goods and houses during the year.

In reporting their views about their present financial situations, about one-third of all spending units said they were better off than a year ago while another one-third said they were worse off. These proportions in-

dicated a less favorable situation than in the preceding three years but were very similar to the reports on this question in early 1954 and early 1949.

The decline in wage and salary income in recent months was reflected in an increase in the proportion of consumers who reported they were making less than a year ago. In January-February of this year 26 per cent of the consumers said their rate of income was lower than it had been a year earlier. This was the largest proportion reporting an income decline for any Survey in recent years and was somewhat larger than in early 1954 and early 1949. About 36 per cent of all spending units reported that they were earning more early this year than a year ago. This proportion was lower than in any Survey since early 1950.

The decline in personal income in the closing months of 1957 had little effect on consumer incomes for the year as a whole and the distribution of money income received in 1957 was very similar to that reported for 1956. There also appeared to be no significant changes in the distribution of holdings of liquid assets other than currency from early 1957 to early 1958. About one-fourth of the consumers in both years reported no liquid asset holdings while about one-third reported substantial holdings—\$1,000 or more.

There was a sharp contrast between consumers' views about general business con-

<sup>1</sup> These findings are based on preliminary tabulations of approximately 2,600 interviews taken in January and February 1958 in the 12 largest metropolitan areas and 54 other sampling areas throughout the country. Additional interviews and adjustments for differential response rates in various strata of the sample will be incorporated in the tabulations which will be published in later articles in the Federal Reserve BULLETIN. In past years differences between preliminary and final data have been small.

The Survey of Consumer Finances, like other sample surveys of this type, is subject to response as well as sampling errors. As a result of such factors, undue importance should not be attached to small changes in the data from year to year. For tables of sampling errors in Survey data see the Federal Reserve BULLETIN, June 1957, p. 638.

ditions and their appraisals of their own financial prospects. While many consumers were pessimistic about the business situation during the coming year, very few expected their own incomes to decline. About two-fifths of the consumers interviewed in January and February expected "bad times" during the year and about one-third expected "good times," a less favorable expectation than reported in any other Survey of Consumer Finances. Nevertheless, nearly three-fourths of all spending units expected to be making at least as much at the beginning of next year as they were making early this year, and half of these expected to be making more. Only one-tenth expected their rate of earnings to decline in the coming year. Consumers' views as to their income prospects were only moderately less favorable than in other recent Surveys and more favorable than in early 1954 and early 1949.

Nearly one-half of all spending units expected retail prices to rise over the year. Expectations of price increases were expressed somewhat more frequently by those in the middle and lower income brackets than by the upper income groups.

Consumers' plans to purchase major items during 1958 present a picture generally consistent with current market conditions. Plans to purchase new and existing houses were less frequent than in 1955-57, but somewhat more frequent than in early 1954. Intentions to make expenditures on home

improvements and maintenance were expressed as frequently as in other recent years. Plans to purchase furniture and appliances were expressed by over one-fourth of the spending units, about the same as in early 1955 and early 1956 and only slightly below the proportion planning such purchases a year ago. For both home improvements and maintenance and furniture and household appliances, purchase plans were reported more frequently in early 1958 than in early 1954.

In early 1958 the proportion of consumers expressing plans to purchase new automobiles was substantially below the proportion reporting such plans in other recent years. On the other hand, there was a sharp increase in the frequency of plans to buy used cars. The median amount that consumers expected to spend for new cars this year was a little below that of a year ago, while the median amount they expected to spend for used cars was almost unchanged.

The data shown on buying plans serve as an index of consumers' present attitudes toward such purchases rather than as a forecast of the number of actual purchases during the coming year. Many consumers do not plan purchases a year in advance and those expressing plans early in the year may alter their plans in the light of subsequent changes in the general economic situation and their own financial positions.

---

NOTE.—The summary table begins on the following page.

**PRELIMINARY RESULTS OF THE FEDERAL RESERVE SURVEY OF CONSUMER FINANCES  
EARLY 1958, WITH FINAL RESULTS FOR EARLY 1948-57 <sup>1</sup>**

[Percentage distribution of spending units]

Consumer financial positions	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948
------------------------------	------	------	------	------	------	------	------	------	------	------	------

**Evaluation of own financial situation**

Better off than a year ago.....	33	40	40	38	36	38	33	32	32	33	29
No change.....	36	35	35	33	31	33	29	29	32	35	28
Worse off than a year ago.....	30	23	23	27	31	26	35	37	34	30	39
Don't know, not ascertained.....	1	2	2	2	2	3	3	2	2	2	4
All cases.....	100	100	100	100	100	100	100	100	100	100	100

**Past change in income rate <sup>2</sup>**

Making more than a year ago.....	36	45	41	38	41	48	46	49	30	42	43
No change.....	36	35	38	37	34	32	33	33	41	35	33
Making less than a year ago.....	26	18	18	23	23	16	17	17	27	21	21
Don't know, not ascertained.....	2	2	3	2	2	4	4	1	2	2	3
All cases.....	100	100	100	100	100	100	100	100	100	100	100

**Money income in prior year, before taxes**

Under \$1,000.....	9	9	11	10	10	11	13	13	14	12	14
\$1,000-\$1,999.....	13	12	12	13	13	14	15	17	19	18	22
\$2,000-\$2,999.....	12	12	13	14	14	16	18	19	21	23	23
\$3,000-\$3,999.....	12	12	14	17	16	18	18	19	19	20	17
\$4,000-\$4,999.....	12	14	14	14	16	15	15	12	11	12	10
\$5,000-\$7,499.....	25	24	22	21	21	17	14	14	11	10	9
\$7,500-\$9,999.....	10	9	8	6	5	5	4	3	2	2	5
\$10,000 and over.....	7	8	6	5	5	4	3	3	3	3	
All cases.....	100	100	100	100	100	100	100	100	100	100	100

**Liquid asset holdings <sup>3</sup>**

Zero.....	25	24	28	29	26	29	31	28	31	29	27
\$1-\$199.....	18	17	15	17	15	16	17	16	16	16	15
\$200-\$499.....	14	14	12	12	13	12	13	14	11	13	13
\$500-\$999.....	11	12	12	10	13	11	9	11	10	11	12
\$1,000-\$1,999.....	10	11	11	10	11	12	10	12	10	11	12
\$2,000-\$4,999.....	13	13	12	12	13	11	12	11	13	12	12
\$5,000-\$9,999.....	5	5	6	6	5	5	5	5	6	5	5
\$10,000 and over.....	4	4	4	4	4	4	3	3	3	3	4
All cases.....	100	100	100	100	100	100	100	100	100	100	100

<sup>1</sup> Preliminary data for early 1958 are based on the first 2,584 spending units interviewed and have not been adjusted for nonresponse. Data for previous years are based on complete surveys and adjusted for nonresponse.

<sup>2</sup> Includes only nonfarm spending units.

<sup>3</sup> Liquid assets include U. S. Government savings bonds, checking accounts, savings accounts in banks, postal savings, and shares in savings and loan associations and credit unions; currency is excluded. Data prior to 1957 include also marketable U. S. Government bonds which were held by about 1 per cent of all spending units in 1957.

## 1958 SURVEY OF CONSUMER FINANCES

251

PRELIMINARY RESULTS OF THE FEDERAL RESERVE SURVEY OF CONSUMER FINANCES—CONT.  
EARLY 1958, WITH FINAL RESULTS FOR 1948-57<sup>1</sup>

[Percentage distribution of spending units]

Consumer plans and expectations	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948
---------------------------------	------	------	------	------	------	------	------	------	------	------	------

Expected change in income rate<sup>2</sup>

Making more a year from now.....	37	40	37	39	29	34	37	(4)	28	27	28
No change.....	35	35	36	36	35	33	30	(4)	32	46	47
Making less a year from now.....	11	7	8	6	15	10	8	(4)	10	17	13
Don't know, not ascertained.....	17	18	19	19	21	23	25	(4)	30	10	12
All cases.....	100	100	100	100	100	100	100	(4)	100	100	100

Expected general business conditions<sup>5</sup>

Good times.....	33	60	64	59	43	(4)	(4)	(4)	40	47	47
Fair times.....	9	7	5	5	8	(4)	(4)	(4)	15	14	6
Bad times.....	39	13	9	12	25	(4)	(4)	(4)	17	25	26
Uncertain, not ascertained.....	19	20	22	24	24	(4)	(4)	(4)	28	14	21
All cases.....	100	100	100	100	100	(4)	(4)	(4)	100	100	100

Plans to purchase<sup>6</sup>

Houses <sup>2</sup> .....	7.1	8.7	9.4	9.4	6.6	8.8	6.4	8.5	8.4	7.0	7.5
Home improvement and maintenance <sup>2 7</sup> .....	22.8	23.4	22.2	22.0	19.6	16.9	(4)	(4)	(4)	(4)	(4)
New automobiles.....	6.6	8.5	8.4	8.2	7.9	9.0	6.8	6.6	10.6	11.8	9.7
Used automobiles.....	10.5	8.4	7.2	7.5	6.4	6.2	6.0	5.5	6.9	6.8	4.1
Furniture and major house appliances.....	28.3	29.4	28.0	28.5	26.9	31.9	23.2	27.4	28.4	30.9	27.4

Median planned expenditure<sup>8</sup>

New automobile.....	\$2,850	\$2,920	\$2,810	\$2,800	\$2,570	\$2,500	\$2,340	\$1,970	\$1,920	\$1,990	\$1,800
Used automobile.....	900	890	800	810	750	950	760	590	540	630	600
Furniture and major household appliances.....	290	300	290	290	330	330	300	300	290	250	240
Home improvement and maintenance <sup>2 7</sup> .....	410	460	370	330	300	(4)	(4)	(4)	(4)	(4)	(4)

<sup>4</sup> Data not available.<sup>5</sup> Data are based on question: "Now considering the country as a whole, do you think that during the next 12 months we will have good times or bad times, or what?"<sup>6</sup> Spending units that reported they would, probably would, or possibly would buy, or that had already bought, in Survey year.<sup>7</sup> Includes only planned expenditures of \$50 or more for improvement and maintenance of home.<sup>8</sup> Data for automobiles are based on planned expenditures of spending units that reported they would or probably would buy or had already bought; data for other items include, in addition, planned expenditures of spending units that reported they possibly would buy. Medians shown are interpolated from bracket amounts starting in 1952.